

Message Text

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47

ACTION AF-08

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OPIC-03 OMB-01 FRB-03 XMB-02 CIEP-01 PRS-01 USIA-06

NSC-05 /088 W

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R 061240Z AUG 76

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 2314

INFO AMEMBASSY ABU DHABI

AMEMBASSY CAIRO

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

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E.O. 11652: N/A

TAGS: PFOR, EGEN, US, SU

SUBJECT: US-SUDAN ECONOMIC ACTIVITY: A BUSY WEEK

REF: A. KHARTOUM 2290 (NOTAL), B. KHARTOUM 2296 (NOTAL)

1. SUMMARY. VISITS IN PAST WEEK BY HIGH-LEVEL GROUPS FROM STATE OF TENNESSEE ALLIS-CHALMERS AND MACK TRUCK PROVIDE EVIDENCE INCREASING INTEREST AMONG AMERICAN ORGANIZATIONS IN SUDAN. TENNESSEE AND ALLIS-CHALMERS VISITS WILL RESULT IN ESTABLISHMENT OF OFFICES HERE AND PROVISION OF OVER FIFTY SCHOLARSHIPS OR TRAINING GRANTS. MACK TRUCK TEAM SERIOUSLY INTERESTED IN ESTABLISHING ASSEMBLY FACILITY IN PORT SUDAN. DAVID SCOTT, ALLIS-CHALMERS CHAIRMAN, ENCOURAGED PRESIDENT NIMEIRI TO MOVE FORWARD WITH US-SUDAN BUSINESS COUNCIL. VISITING GROUPS WERE RECEIVED BY PRESIDENT NIMEIRI AND GIVEN EXTENSIVE AND FAVORABLE

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PRESS COVERAGE. GOS HAS BEEN STRESSING IN FAVORABLE WAY

INTEREST BY AMERICANS IN INVESTING OR DOING BUSINESS IN SUDAN. INDEED, VISITING AMERICANS ARE ENTHUSIASTIC ABOUT PROSPECTS HERE, BUT FINANCING IS HURDLE WHICH WILL HAVE TO BE OVERCOME. IN THAT CONNECTION, POTENTIAL INVESTORS ALMOST ALWAYS LOOK TOWARD SAUDI ARABIA, KUWAIT OR OTHER WEALTHY GULF STATES AS POSSIBLE SOURCE OF FINANCING. IN THEIR ENTHUSIASM AND DESIRE TO GAIN FULL LOCAL PUBLIC RELATIONS BENEFITS FROM VISITS BY AMERICAN GROUPS, GOS OFFICIALS TEND TO OVERSTATE COMMITMENTS MADE BY RECENT VISITORS, AND SIMILARLY HAVE EXAGGERATED IN PUBLIC OUR WILLINGNESS TO COOPERATE IN GEOLOGICAL SURVEY ACTIVITY THROUGH USGS. END SUMMARY.

2. NOW THAT PRESIDENT NIMEIRI HAS RETURNED FROM HIS US VISIT AND GENERAL CALM HAS RETURNED TO KHARTOUM FOLLOWING EARLY JULY COUP ATTEMPT, THERE HAS BEEN RATHER ACTIVE EXCHANGE BETWEEN INTERESTED AMERICAN ORGANIZATIONS AND GOS OFFICIALS WITH RESPECT TO POSSIBLE INVESTMENT IN SUDAN BY AMERICANS, AND COOPERATION BETWEEN US AND SUDANESE COMPANIES.

3. IN LAST WEEK OR SO GROUP FROM STATE OF TENNESSEE, LED BY COMMISSIONER ECONOMIC AND COMMUNITY DEVELOPMENT BENSON, VISITED SUDAN. IN ADDITION TO SEVERAL DAYS OF MEETINGS WITH GOS OFFICIALS HERE, TENNESSEE GROUP VISITED JUBA IN SOUTH AND OTHER PROVINCIAL SITES. PRIOR TO THEIR DEPARTURE, TENNESSEANS ANNOUNCED ESTABLISHMENT OF OFFICE HERE AND PROVISION OF TWENTY UNDER-GRADUATE AND SIX GRADUATE SCHOLARSHIPS TO UNIVERSITIES IN THEIR STATE. IN ADDITION, TENNESSEE WILL CONSIDER PROVIDING TECHNICAL ASSISTANCE TO SUDAN IN SUCH AREAS AS RIVER NAVIGATION, AND GENERAL DISCUSSIONS LOOKING TOWARD ADDITIONAL COOPERATION WILL CONTINUE.

4. TWO HIGH-LEVEL BUSINESS GROUPS ALSO VISITED SUDAN DURING PAST WEEK. LARGE DELEGATION FROM ALLIS CHALMERS, HEADED BY COMPANY CHAIRMAN DAVID SCOTT, SPENT SEVERAL DAYS HERE. THE COMPANY WILL ESTABLISH AN OFFICE IN KHARTOUM AND AMERICANS WHO WILL TAKE CHARGE OF IT ARE EXPECTED ARRIVE IN NEXT FEW WEEKS. IN ADDITION, COMPANY AGREED TO TRAIN TEN GRADUATE ENGINEERS OR THEIR EQUIVALENT PLUS TWENTY LIMITED OFFICIAL USE

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TECHNICIANS IN US. SCOTT ENCOURAGED PRESIDENT NIMEIRI TO MOVE FORWARD WITH CONCEPT OF A US/SUDAN BUSINESS COUNCIL (REF A). HE EXPECTS THAT USG MAY HEAR FURTHER ABOUT THIS SHORTLY. HIGH-LEVEL MACK TRUCK TEAM ALSO VISITED KHARTOUM, AND ONE OF ITS MEMBERS TOLD DCM THAT COMPANY IS SERIOUSLY CONSIDERING ESTABLISHING ASSEMBLY FACILITY IN PORT SUDAN.

5. PRESIDENT NIMEIRI AS WELL AS OTHER SENIOR GOS OFFICIALS

RECEIVED HEADS OR MEMBERS OF ALL THREE GROUPS. IN EACH CASE, THERE WAS EXTENSIVE AND FAVORABLE MEDIA COVERAGE. ON AUG 5 MINISTER OF INDUSTRY MET WITH SUDANESE INDUSTRIES ASSN., AND BRIEFED THEM ON NIMEIRI'S VISIT TO US AND OUTLOOK FOR US INVESTMENT IN SUDAN. HE WAS OPTIMISTIC AND ANNOUNCED THAT HE WILL PERSONALLY SUPERVISE NEW OFFICE IN HIS MINISTRY TO FACILITATE US PRIVATE INVESTMENT IN SUDAN. MINISTER MENTIONED EXPRESSION BY OPIC AND IFC TO ENCOURAGE US INVESTMENT HERE. HE STRESSED POTENTIAL FOR COOPERATION BETWEEN AMERICAN AND SUDANESE PRIVATE SECTORS.

6. HE ALSO SAID, ACCORDING TO NEWS REPORT APPEARING IN AL-AYAM, THAT HE RECEIVED OFFICIAL APPROVAL FROM US EMBASSY IN KHARTOUM TO OPEN OFFICE WHICH WILL UNDERTAKE GEOLOGICAL SURVEYS. MINISTER SAID THIS APPROVAL REPRESENTS OFFICIAL EXPRESSION OF USG IN RESPONSE TO URGING (BY GOS) OF AMERICAN INDUSTRIAL AND MINERAL INVESTMENT IN SUDAN. (REF B)

7. COMMENT: REMARKS BY MIND REGARDING GEOLOGICAL SURVEY APPEAR TO REFLECT HIS INTERPRETATION OF HIS CONVERSTATION WITH AMBASSADOR REGARDING POSSIBLE USGS ACTIVITY IN SUDAN (REFTEL). IF NEWSPAPER ACCOUNT IS ACCURATE, HE ATTRIBUTED TO US A SOMEWHAT FIRMER COMMITMENT THAN WE HAD CONVEYED. IT IS INTERESTING TO NOTE THAT NIMEIRI IS PUBLICIZING WIDELY AND STRESSING STRONGLY IDEA THAT US COMPANIES ARE EAGER TO INVEST IN SUDAN. THIS IS PARTICULARLY IMPORTANT NOW SINCE IT SUGGESTS IMPORTANT VOTE-OF-CONFIDENCE IN HIS REGIME, NOTWITHSTANDING COUP ATTEMPT IN JULY. WE HAVE BEEN TOLD, AND OUR RECENT EXPERIENCE SUPPORTS IT, THAT HE HAS ISSUED ORDERS FOR OFFICIALS IN GOS TO BE AS COOPERATIVE AS POSSIBLE WITH AMERICANS, INCLUDING EMBASSY OFFICERS, WHO NEED ECONOMIC INFORMATION ON SUDAN. IN THIS LIMITED OFFICIAL USE

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CONNECTION, MININD HIMSELF, WHO TRADITIONALLY HAS BEEN LOOKED UPON AS LEFTIST WHO IS ANTI-PRIVATE SECTOR, SEEMS RECENTLY TO HAVE BECOME AN ARDENT SUPPORTER OF PRIVATE INVESTMENT, BOTH LOCAL AND FOREIGN.

8. NIMEIRI APPEARS TO BE OVERSTATING COMMITMENTS MADE BY RECENT VISITORS. HOWEVER, IT IS TRUE THAT TENNESSEE, ALLIS-CHALMERS AND MACK TRUCK OFFICIALS WERE ALL VERY ENTHUSIASTIC ABOUT PROSPECTS IN SUDAN. ON OTHER HAND, THEY ALL NOTED THAT FINANCING WOULD BE PROBLEM THAT WOULD HAVE TO BE RESOLVED BEFORE LARGER PROJECTS COULD BE UNDERTAKEN. IN LIGHT OF GENERALLY BEARISH ATTITUDE OF US FINANCIAL INSTITUTIONS, INCLUDING EXIM BANK, POTENTIAL INVESTORS ALMOST ALWAYS LOOK TOWARD SAUDI ARABIA, KUWAIT OR OTHER WEALTHY GULF STATES AS POSSIBLE SOURCE OF FINANCING.

THUS THERE IS A CURIOUS CONTRADICTION BETWEEN GENUINE
ENTHUSIASM OVER FUTURE ECONOMIC PROSPECTS AND SOBER
PRESENT FINANCIAL REALITIES. NEVERTHELESS, WORD SEEMS
TO BE GETTING OUT THAT BIG THINGS ARE GOING TO HAPPEN
HERE AND, AS ONE RECENT VISITOR ADMITTED, SOME AMERICAN
BUSINESSMEN AND OFFICIALS WANT TO BE AT THE HEAD OF THE
LINE. BOGOSIAN

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